

Congress of the United States

Washington, DC 20515

June 19, 2002

Neal Goldman
Executive Vice President, General Counsel
Polaroid Corporation
784 Memorial Drive
Cambridge, MA 02139

Dear Mr. Goldman:

As next week's auction approaches, we share your hopes for restoring the Polaroid Corporation to financial health. However, we are deeply concerned about reports that prospective bids may lack any provisions to continue pension benefits for retirees and vested employees. As the terms of these bids are discussed and evaluated over the next week, we urge that significant weight be given to fulfilling Polaroid's commitments by honoring the terms of its employee pensions.

As you know so well, Polaroid is a worldwide symbol of commercial and artistic ingenuity. For years, the firm earned respect for exceptional employee relations and as an enlightened corporate citizen. It is our desire and expectation that a new owner will continue this tradition.

Over the past several years, employees and retirees watched in disbelief as the company they helped build spiraled into bankruptcy. This shock turned to outrage as retirees were informed -- on the eve of the firm's collapse -- that their health and life insurance benefits had been terminated. Last week's settlement helped to address these questions, but enormous anxiety remains about the future of the pension plan.

We realize that, thus far in the process, bidders have shown little inclination to make good on the pensions promised by Polaroid. We are writing today because we believe there is a compelling economic as well as ethical rationale for such a commitment -- and that you can help underscore our concern in the days remaining before the auction.

At most, the investment in current dollars need only cover a potential shortfall of \$100-200 million in present-value dollars; and because this would cover future liability, it would require no additional cash at closing. Moreover, if financial markets were to recover before benefits became payable, the overall liability might shrink significantly.

In addition, it would eliminate the likelihood that the pension plan will be assumed by the federal Pension Benefit Guarantee Corporation. This process entails burdensome administrative costs which, in priority position, would likely wipe out recovery to other unsecured creditors and retirees.

Finally, a decision to assume the pension plan would help restore economic vitality the old-fashioned way: by earning the trust of the corporation's most important asset, its

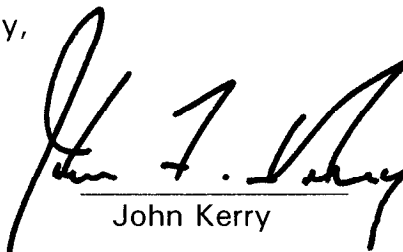
workforce. The value of the resulting goodwill is incalculable.

In urging the importance of maintaining the pension plan, we in no way wish to impose on the successor owner's prerogative with regard to new employees. However, we feel strongly that the buyer fulfill Polaroid's commitment to the 12,500 retirees and vested employees whose retirement security hangs in the balance. This step would go a long way toward restoring public confidence in the company's future in our community.

As this difficult process moves toward closure, we implore you to make clear to all bidders the depth of our concern about fulfilling Polaroid's pension promise -- and to weigh this consideration carefully as you assess the bids on Wednesday morning. If we can clarify these views or assist in any way, please do not hesitate to call upon any or all of us.

Sincerely,


Edward Kennedy

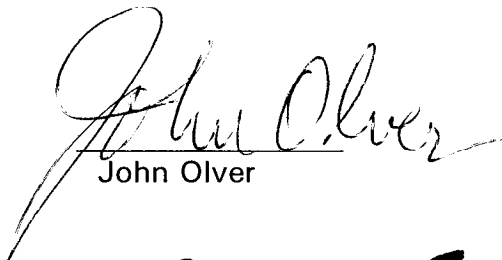

John Kerry

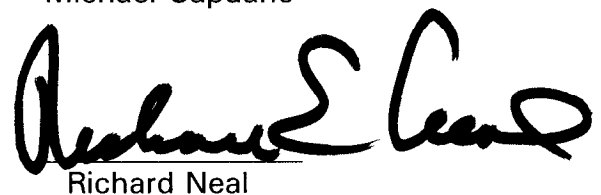

William Delahunt


Martin Meehan

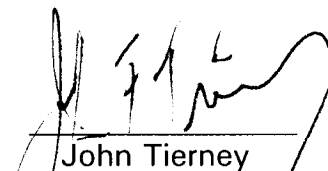

James McGovern

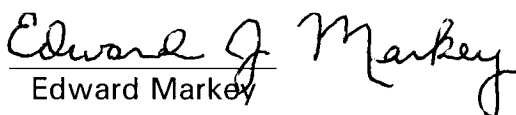

Michael Capuano

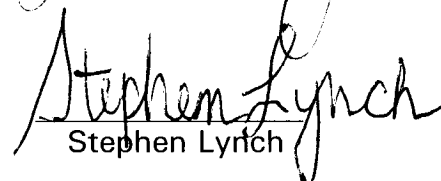

John Olver


Richard Neal


Barney Frank


John Tierney


Edward Markey


Stephen Lynch